

Message Text

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44

ACTION EUR-12

INFO OCT-01 ISO-00 ACDA-05 OMB-01 SAJ-01 CIAE-00 DODE-00

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SP-02 SS-15 USIA-06 /065 W
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R 161415Z JUN 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 3462

INFO AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: XA

TAGS: PINT, PFOR, HU

SUBJ: KADAR PREPARES POPULATION FOR TOUGHER TIMES AHEAD

1. SUMMARY: HSWP FIRST SECRETARY KADAR SPODIJ JUNE 12 AT INDUSTRIAL TOWN OF DUNAUJVAROS STRONGLY EMPHASIZING NEED FOR NATIONAL UNITY AND FOR COOPERATION BETWEEN COMMUNISTS AND NON-COMMUNISTS DURING DIFFICULT ECONOMIC PERIOD AHEAD. BELT-TIGHTENING WAS MAJOR THEME OF ADDRESS AS HE ATTEMPTED TO GIVE COUNTRY MORE REALISTIC PICTURE OF ECONOMIC CONSEQUENCES OF IMPORTED INFLATION. ON FOREIGN POLICY SIDE SPEECH CONTAINED USUAL PRAISE FOR IMPROVEMENT IN SOVIET-AMERICAN RELATIONS AS WELL AS EXPRESSION OF FEALTY TO "SOCIALIST WORLD'S PROGRESSIVE AND ANTI-IMPERIALISTIC POLICIES". END SUMMARY.

2. AT MODEL COMMUNIST INDUSTRIAL TOWN OF DUNAUJVAROS, HSWP FIRST SECRETARY JANOS KADAR JUNE 13 DELIVERED A MAJOR ADDRESS AT PRE-ELECTION RALLY. STRONGLY EMPHASIZING LIMITED OFFICIAL USE

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PROGRESS MADE IN HUNGARY UNDER SOCIALISM, KADAR STRESSED

CONCILIATORY NATURE OF REGIME TOWARD NON-COMMUNISTS, CHRUCHGOERS AND "PEOPLE WITH DIFFERENT WORLD OUTLOOK". HE INDIRECTLY REMINDED PEOPLE OF IMPROVEMENT IN QUALITY OF LIFE AND PERSONAL FREEDOM FOLLOWING PRE-1956 "PERIOD OF STRIFE AND GREATER CONFLICTS".

3. MAJOR THEME OF ADDRESS WAS WARNING THAT SOME SACRIFICES REQUIRED BY EVERYONE IN ORDER TO ACHIEVE CONTINUING IMPROVEMENT IN STANDARD OF LIVING. KADAR SAID IN EFFECT THAT ACTUAL INCREASE IN LIVING STANDARD MAY NOT REACH ANNUAL SIX PERCENT INCREASE, TARGET PROVIDED FOR IN FIVE-YEAR PLAN. SAID IT MUST BE "STATED OPENLY, BLUNTLY AND HONESTLY" THAT INCREASES IN LIVING STANDARD ARE NOT REAL UNLESS NATIONAL PRODUCTIVITY GROWS AT LEAST AT THE SAME LEVEL. FIGURES GIVEN BY KADAR WERE THOSE APPROVED BY 11TH PARTY CONGRESS.

4. KADAR'S APPEAL FOR SUPPORT BACKED BY A LONG RECITATION OF REGIME'S ACCOMPLISHMENTS. HE TOLD WORKERS THEIR SECURITY AND PEACE OF MIND COMPARED FAVORABLY WITH WESTERN WORKERS HIT BY UNEMPLOYMENT, INFLATION, ETC.

5. FOREIGN POLICY SECTION CONTAINED USUAL LINE THAT CORNERSTONE OF GOH FOREIGN POLICY IS "UNITY WITHALL PROGRESSIVE ANTI-IMPERIALISTS AND PEACE-LOVING FORCES" AND LOYALTY TO GOALS OF SOVIET UNION.

6. COMMENT: SPEECH WAS VINTAGE KADAR, WITH HEAVY EMPHASIS ON CONCILIATION, NATIONAL UNITY AND NEED FOR COOPERATION.BETWEEN COMMUNISTS AND NON-COMMUNISTS. HE OBVIOUSLY WANTED TO WARN POPULACE THAT PACE OF IMPROVEMENT OF LIVING STANDARDS DURING PAST FIVE YEARS MAY NOT BE SUSTAINED DURING NEXT FIVE-YEAR PLAN -- PARTICULARLY INMINCREASES IN PRODUCTIVITY ARE NOT MAINTAINED. HUNGARIANS HAVE GROWN USED TO SEEING INCREASED AVAILABILITY OF CONSUMER GOODS. WITH CURRENT TRADE DEFICIT AND A NEED TO MODERNIZE INDUSTRY, CONSUMPTION AREA MAY BE FIRST TO FEEL PINCH. A CAUTIOUS MAN, KADAR KNOWS POLITICAL RISKS IN FAILING TO PREPARE POPULATION FOR SLOWER RATE OF IMPROVEMENT IN STANDARD OF LIVING. LIMITED OFFICIAL USE

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